

HOUSE BILL 1775

By Marsh

AN ACT to amend Tennessee Code Annotated, Title 26,  
Chapter 2 and Title 29, Chapter 7, relative to  
garnishments.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 26-2-102, is amended by deleting the section and by substituting instead the following:

As used in this chapter, unless the context otherwise requires:

(1) "Disposable earnings" means that part of the earnings of an individual remaining after the deduction from those earnings of any amounts required by law to be withheld;

(2) "Earnings" means compensation in any form, paid or payable for personal services, whether denominated as wages, salary, commission, bonus, or otherwise, and includes periodic payments pursuant to a pension or retirement program;

(3) "Employee" means any person employed, retained, or contracted by an employer who receives compensation from the employer for services performed, notwithstanding the status of the person as an employee, agent, contractor, or subcontractor;

(4) "Employer" means any person or entity that employs, retains, or contracts with another person for services for compensation in any form, notwithstanding the status of the person employed, retained, or contracted with as an employee, agent, contractor, or subcontractor; and

(5) "Garnishment" means any legal or equitable procedure through which the earnings of an individual are required to be withheld for payment of any debt.

SECTION 2. Tennessee Code Annotated, Section 26-2-214, is amended by deleting the section and by substituting instead the following:

(a) Upon the garnishment of earnings due from the employer garnishee, the garnishee shall:

(1) Pay the judgment debtor the amount of such debtor's exempt earnings;

(2) Submit as a part of the judgment debtor's answer to the garnishment a statement of the judgment debtor's dependent children under sixteen (16) years of age who are residents of this state; and

(3) Furnish the judgment debtor with a copy of the garnishment summons containing the notice of the judgment debtor's right to the exemptions from wage garnishment specified in federal law and in §§ 26-2-106 and 26-2-107, of the right to apply to the court for an order staying further garnishment proceedings and allowing the judgment debtor to pay the judgment in installments and of procedures the judgment debtor can follow to contest the garnishment.

(b)

(1) To the extent of the amount due upon the judgment and costs, the employer garnishee shall hold, subject to the order of the court, any non-exempt earnings due or that subsequently become due. The judgment or balance due is a lien on earnings due at the time of the service of the execution. The lien shall continue as to subsequent earnings until the total amount due upon the judgment and costs is paid or satisfied, or until the expiration of the employer's payroll period immediately prior to six (6) calendar months after service of the execution, whichever occurs first. The lien on subsequent earnings shall terminate sooner if

the relationship between the employer and employee is terminated or if the underlying judgment is vacated or modified.

(2) A lien obtained under this section shall have priority over any subsequent liens obtained under this section.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it.